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U.S. COURTS

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Attorneys for Trustee, Bernie R. Rakozy

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO**

In Re:

COMMUNITY HOME HEALTH, INC.,

Debtors.

Case No. 98-02141

NOTICE OF HEARING
AND
TRUSTEE'S RESPONSE TO
OBJECTIONS TO PROPOSED
TRUSTEE'S SALE

NOTICE OF HEARING

PLEASE TAKE NOTICE That the undersigned will bring the Objections to Proposed Trustee's Sale of Assets by Creditor The Hosac Company, Inc. and the Department of Health & Human Services, Health Care Financing and Administration on for hearing before this Court at 550 W. Fort Street, 5th Floor, Boise, Idaho, on the **18th day of August, 1999, at the hour of 9:30 o'clock a.m.**, or as soon thereafter as counsel can be heard.

TRUSTEE'S RESPONSE TO OBJECTIONS

Pursuant to Bankruptcy Code § 365, the Trustee requests the court to overrule the objections filed by The Hosac Company, Inc. ("Hosac") and the Department of Health & Human Services, Health Care Financing and Administration ("HCFA"). Hosac and HSFA have objected to the Trustee's

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proposed sale of the estate's claims and causes of action against the federal government and its agencies.

In response to the objections, the Trustee alleges as follows:

1. On June 24, 1999, the Trustee filed a Notice of Sale by Trustee, which notice was served on all parties on the Master Mailing List in the case. Attached as Exhibit A is a true and correct copy of the Notice of Sale By Trustee.

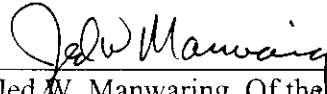
2. The Trustee proposes to sell all receivables (estimated to be approximately \$500,000), claims, and causes of action against the federal government and its agents related to Medicare accounts. The sale price was proposed to be a \$1,000 cash payment from the Kaiser Family Partnership, which is an entity related to the Debtor's former principal, Verlene Kaiser. In addition to the sale, the buyer was required to take possession of approximately 300 boxes of medical records and related business records which are now a burden on the estate and which may provide evidentiary support for the receivables and claims against the federal government.

3. HCFA's objection is four-fold. First, HCFA argues that no such causes of action exist. In response, the Trustee does not guarantee or warrant that any such causes of action exist, but whatever claims exist, the Trustee proposes to sell. Second, HCFA argues that the payments cannot be assigned to another party. In response, the Trustee proposes that the sale will include the corporate shell and name of Community Home Health, Inc., which was the provider of the services. Therefore the same entity will be able to pursue whatever claims it desires. Third, HCFA argues that the claims cannot be sold free and clear of Medicare's overpayments or right to recoupement. In response, the Trustee states that he is not attempting to sell such claims free and clear of said setoff or recoupement rights. In fact, the relatively nominal price of \$1,000 reflects the recognition, that the federal government will likely defend on the basis of setoff or recoupement of its \$1.2 million proof of claim. Fourth, HCFA argues that only the Debtor can pursue appeals of the Medicare rights. In response, the Trustee proposes to sell the Debtor's corporate shell and name so that the appeals can be pursued in the provider's name.

4. Hosac objects that it would tender a higher price for the assets and further objects that Hosac believes the government cannot setoff. In response, the Trustee proposes to make the sale an auction bid and Hosac can bid whatever it desires. Also, if Hosac believes that the government cannot setoff it's claim, then Hosac must find the claim against the government very valuable and hopefully would bid a much higher price.

5. The creditors' objections to the sale are groundless or may be remedied by minor modifications to the sale as proposed. The Trustee requests the court to approve the sale and allow an auction of the assets along with the requirement that the successful bidder be required to take the medical records and other records for storage from the Trustee.

Dated this 4 day of August, 1998.



Jed W. Manwaring, Of the Firm
Attorneys for Trustee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4 day of August, 1999, a true and correct copy of the foregoing document was served by first-class mail, postage prepaid, and addressed to; by fax transmission to; by overnight delivery to; or by personally delivering to or leaving with a person in charge of the office as indicated below:

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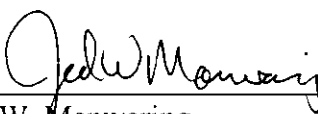
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